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that tradesmen do not book in all their operations). In the majority of cases, taxation exceeds the annual net income. Tradesmen, knowing the method of tax determination, do not book all their operations. Any deviation in registering expenses, etc., must be made on a job done for a reliable friend. It is difficult for the Finance Section to know whether the tailor or the client actually purchased material for a suit. If the tailor purchased it, he must include the invoice in his registry, as documentary proof.

b. Registrul de Salariatii (Registry for Employees or Workers): This registry is required only of tradesmen employing a worker. It can be purchased in any library *[sic]*, and is countersigned and sealed by the Finance Section of the City Sector People's Board. Upon employing a worker, the tradesman must inform the Finance Section, giving date of employment and monthly wage. This aids the Finance Section in determining the amount of taxes which should be deducted from the worker's wages each month. The amount is decided by a special board of the Finance Section. For example, a worker is normally paid 400 lei per month. By law, the tradesman is obliged to deduct 62 lei. The payment is made to the Finance Section by the tradesman before the 25th of each month. The payment is receipted.

2. "Through various fiscal pressures, the State often obliges small business men to close their operations. If a tradesman is unable to pay his taxes, he receives a proportionate increase (according to length of delay). If, after two or three legal orders, a tradesman is still unable to meet his debts, his shop is closed. In this case, the Finance Section seizes the shop and all equipment, and puts it up for auction. If goods sold cannot pay off the amount owed by the owner, (costs of legal orders, etc., are added to the tradesman's debt), he is convicted as a public debtor. If the court declares him a 'Rau platnic' (bad payer), and the court always does, the tradesman is sentenced to the payment of debts plus all judiciary expenses (the defendant is permitted legal representation). If the defendant is still unable to pay, the term is changed to a term in prison, at labor. Now the tradesman is forced to join a Cooperative, which appropriates all equipment he may have left. The sole compensation a tradesman receives from this, is a revocation of all legal proceedings instituted against him. Since he is now employed by a Cooperative, his debts are paid through deductions from his monthly wages. The deductions are made by the Cooperative.
3. "Below are a few prices, charges made by tradesmen in various categories:

	Lei
tailoring of one suit, client's material	250 - 300
tailoring of one suit, tailor's material	600 - 700
one pair of men's leather shoes, leather sole, shoemaker's material	400 - 500
blocking of men's hat	25
cleaning of one hat	60
manufacture of one 'Sapca' (proletarian cap), milliner's material	100 - 500
plumbing (installation) of one bath tub	20

Usually, all tradesmen purchase raw materials on the black market, or in State Stores, for they cannot get materials direct from the State, as Cooperatives do. They always book jobs as having used the client's material, since the State cannot check the validity of this.

4. "Business men ('Comercianti'): The situation for private shop owners is much the same, except that these have no opportunity of joining Cooperatives. Especially during 1951 and 1952, the persecution of business men reached its maximum intensity; large numbers of business men were convicted of economic sabotage, and sentenced to terms of hard labor at the Danube-Black Sea Canal. As a result, the RFR's economy fell to pieces, for there was practically no exchange of goods between producers and business men. The State, which had a monopoly on producers (especially farmers) suffered a great loss. Farmers no longer cared about producing, as it was the State which designated the official prices for excess-of-quota products. Thus,

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the RFR slowly headed for the 1933 Soviet period of famine and economic disaster. The pattern used in the USSR in 1933, was applied to the RFR in 1951 and 1952. In early 1953, following a suggestion by Donescu, President of the Bucharest City People's Board, the PNR did two things: first, it pardoned and freed a great number of business men serving terms of hard labor at the Canal; second, it encouraged the opening of new private shops, especially food commodities shops. (Those pardoned were business men guilty of economic sabotage, and not of anti-State political activities; and this was published in local papers). The papers published the fact that the Commerce Section of the People's Board was granting new commerce licenses for the opening of private shops. Applicants were granted shop space, from the ILL, and a 10 thousand lei loan, to start business and purchase goods from the Centrocop, (Cooperatives Center). The State was forced to do this to satisfy the population's needs; it was also forced to permit farmers, after they had delivered their quotas to the State, to sell their goods in other towns and cities. They were even permitted to open 'farmer' markets, and sell their goods directly to any citizen, at prices agreed upon by the two parties. The old business men, who had survived, but had retired from any business activities for fear of persecution, did not trust the promises made by the State. So a group of former and present private business men called on Donescu, and immediately requested that he revoke all provisions of law regarding economic sabotage and economic control organs. Donescu said that he would consider this, and forward it to higher officials. Nothing further was heard from Donescu. Meanwhile, a number of men who had never been in business before (save street vending), also visited Donescu, and accepted his conditions for the operation of private businesses. They received licenses, and opened private shops, (particularly food commodities shops) in and near Bucharest's markets. Among these shop owners were, of course, some business men who had been shop owners before, had been pardoned, and were compelled to accept the PNR Party's conditions, in order to support their families. The issuance of commerce licenses lasted one month, after which they were not obtainable at all. Since that time, the economic situation has improved, but fiscal pressures (taxes, import restrictions, etc) have greatly hindered a speedy economic restoration.

5. "In Bucharest, the following types of private shops exist: 'Coloniale si cafes' (Coffee and Sweets shops), 'Magazin Alimentar' (Food Commodities shops), 'Vopselarie' (Ground Oil Paint shops /etc/), 'Marandisari' (various small items shops), 'Atelier de Dolciari' (Sweets workshops), and 'Cofetarii' (Sweets shops). These shops are subject to the same controls as are small tradesmen. Thus, each shop owner is in possession of the following documents:
 - a. Registrul de Intrare si Baine [see page one].
 - b. Registrul de Salariat [see page two].
 - c. Registrul-Bordaron (Registry of Goods Purchased from Producers); this registry is also checked and sealed by the Finance Section of the City Sector People's Board. The registry records all goods purchased by a business man from a producer. Except for owners of food commodities shops, who were permitted to buy goods from Centrocop, private business men were not permitted to purchase goods from the State. They could buy cheese from a farmer, but not from a private citizen; goods obtained from a private citizen, for instance, would be black market goods. The procedure for purchasing goods was very tedious, for a private business man had to obtain documentary proof that goods were actually purchased from a producer authorized to sell his products. For example: a business man permitted to sell honey would buy it from a farmer who came to his shop. The shop owner had to ascertain whether or not the farmer was a producer. The farmer, therefore, had to show his 'Adeverinta' (issued by the People's Board), which indicated that he had fulfilled his delivery quota to the State. The business man had to record all data from the 'Adeverinta', such as name, surname, address, certificate number, etc, and book it in his Registrul-Bordaron, adding data from the farmer's ID card. This detailed record was felt to be necessary, as the farmer

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was unable to submit an official invoice on a letterhead. Recorded also was the date of sale, quantity of honey, price per kg and total amount of business. Every 10 days the shop owner took the registry to the Finance Section of the People's Board, paid taxes on goods purchased from farmers and other producers, received a receipt, and had the registry signed. This duty tax paid for goods purchased from producers, was called 'Taxa de Consumatie si Cifra de Afaceri' (Consumption Tax, and Business Figure /sic/).

- d. Bonier (Tickets) /see Enclosure (A): A bonier could be purchased in any library; it is a book of 100 tickets, numbered one to 100. Each bonier was countersigned and stamped on the last page by the Finance Section of the People's Board. In any sale the shop owner marked the quantity, date and price on the bonier, one half of which was retained in his files, and the other half of which was given to the customer as his receipt. All quantities sold had to be registered in the in and out registry every day. At any given time the shop owner had to have on hand just the materials indicated to be on hand by the in and out going registry. If he had less, he had sold without a bonier. If he had more, he had purchased goods on the black market, without a proper invoice, and had committed economic sabotage.
6. "Payment of yearly taxes by a private business man (other than the taxes paid every 10 days on goods purchased from producers) was made at the end of the year. But at the beginning of a year, the Finance Section established a provisional duty tax, the estimation of which was made without reasonable basis. During the spring, the business man reported to the Finance Section, with all his registries, for the 'Definitivarea Impozitului' (settling of duty-taxation). The total tax was double or even triple the annual net income, a state of affairs which forced business men to resort to illegal practices, not to register all activities, to purchase goods on the black market, and to sell without a bonier, in order to realize a minimum of earnings. Taxes were figured by a special board of the Finance Section, which examined and audited the business man's books; naturally, everything is in order. A man's books might be read as follows: 'Total goods purchased: 30 thousand lei; total expenditures: 35 thousand lei; Household goods sold: 10 thousand lei. Net total, five thousand lei', (which is a very small income with which to support a family, or even a single person). Sometimes a business man adds, in a separate paragraph: 'Sold at Talsioc, household goods, furs, etc. for various amounts of cash. No invoice is required for this sale. Taxes are also figured on the basis of the savings of other private business men in the same category; their books may be doubled or even quadrupled, so there is no sound basis on which to operate tax application.
7. "Consumption Tax and Business Figures /sic/: Honey was bought from farmers at the price of 16 lei per kg. 10 kg of honey, therefore, cost 160 lei. The Finance Section of the People's Board applied a 20% consumption tax, which increased the price per kg by 3.20 lei. By law, a business man was entitled to a 10% profit; therefore, honey was sold to the public at 20.80 lei per kg. Coffee was not obtainable from producers, because there were no private ones. Until the end of 1952, private citizens receiving food parcels from abroad, sold their coffee to business men. But the new law prohibiting receipt of parcels from abroad, cut off any access to coffee other than through the State. Whenever coffee is available in State Stores, a private business man purchases a certain quantity of it from the State at the official price of 160 lei per kg, in order to cover his black market coffee purchases. (Some of the best coffee dealers now, are State Inspectors, friends of business men, who go on official trips to Constanta, where they purchase seven or eight kg of coffee). The receipt for purchase of coffee from State Stores is taken to the Customs Office, where a 30% import tax is paid. The duty customs tax is high, because coffee is considered a luxury item. So, a kg of coffee costs 160 lei, plus 48 lei - customs tax, plus 16 lei - profit; i.e., coffee retails for 224 lei per kg. Coffee already roasted is reduced in weight by 20%; in this case a shop owner is entitled to a 20% price increase per kg. Thus, one kg of roasted coffee retailed for 224 lei plus 44.80 lei, or 268.80 lei. Rahat, a Turkish sweet, was available only from private producers but, in this case

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the duty tax of 10% was paid by the producer, not the shop owner. A kg of Rahat cost 12.00 lei plus 1.20 lei tax, and so, sold for 13.20 lei per kg. Hant, a type of walnut, sold for 8.00 lei per kg, plus .96 lei - 12% consumption tax, plus .80 lei - profit or 9.76 lei per kg. Candy was purchased from private producers for 14.00 lei per kg, plus 1.68 lei - consumption tax, plus 1.40 lei - profit, so sold for 17.08 lei per kg.

8. "As stated before, very strict controls and heavy taxation, exceeding the net earnings of a shop owner, forced business men into illegalities. Coffee purchased from illegal sources had to be hidden carefully, since at any time, a check of the goods on hand could be made. One method of swindling the State is shown on Enclosure (A). A business man never made a sale without using a bonier, but he often falsified the bonier, when dealing with a reliable friend. Another method of making a little profit, was to purchase goods from a farmer without registering the quantity accurately. If less than was purchased was registered, the shop owner netted a profit; but he had to be extremely careful both with clients and producers. Even when he purchased goods from a private producer in the city, goods carried in the streets had to be accompanied by an invoice showing the exact quantity of goods purchased.

(If a militia agent, apprehending a business man, asks directly to see his papers, a bribe is impossible; but if he asks to examine a package, not mentioning ID papers, this is an indication that a bribe will be accepted. Militia men are afraid of denunciation, business men afraid of being accused of offering a bribe. If no papers are checked, neither party can identify the other.)

9. "The Government organs which have active control over business men's activities, are: Finance Inspectors, from the Finance Section of the People's Boards; Finance Inspectors, from the Ministry of Finance; Sanitary Inspectors, from the Sanitary Section of the People's Boards; Commerce Inspectors, from the Commerce Section of the People's Boards; Agents of the Economic Militia, and, Social Inspectors from the Social Section of the People's Boards, (for cases where a worker is employed). These inspectors, especially in the last two or three years, have greatly loosened controls. This is partly due to superior orders, because private business is encouraged now; and partly due to the fact that all inspectors have reverted to their old practice of accepting bribes. When two inspectors enter the shop, and demand that it be closed for merchandise inspection, the owner must be polite and friendly. Naturally, his books are in perfect order (it is very difficult to catch a business man's illegal dealings). Approximately 500 lei for both, plus 200 grams of coffee, suffices to call off further investigation. The bribe is necessary only the first time, after that, inspectors come to purchase coffee, for which the owner accepts no money. The fear all private business men have, has not decreased. They still fear every visit of the Militia, restrict contacts; and are careful about conversations.

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Enclosure (A): Sample of bonier showing changes made by shop owner after sale is completed.

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ENCLOSURE A

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No. 1
17.V.1954
1000 Cofea
224

No. 1
17.V.1954
1000 Cofea
224

This is a bonier.

A is the counterfoil; B is the ticket detached and retained by the client.

Boniers are white; numbers are printed by the the library where purchased.

In the left hand corner, on both A and B, a shop-owner could affix the stamp of his shop.

This sample shows the manner of registering the sale of 1000 grams of coffee.

This is the shop owners' ticket.

After the sale, usually during the evening, he changed the figures, as shown at the right. He booked only 100 grams sold, instead of 1000 grams, as were actually sold. The additional coffee required to fill in the B. stock, was black market coffee.

No. 1
17.V.1954
100gr cofea
22.40 Bi

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